

Community Asset Ownership: DTA's position statement

March 2008 - This paper sets out DTA's position in relation to the community asset agenda. comments on this paper should be sent to g.arradon@dta.org.uk

1. Our vision for community asset ownership

We want to see robust and independent development trusts in every community, achieving long term social, economic, and environmental improvements. Ownership of community assets is a means towards that end.

2. Costs and benefits of community ownership of assets

On average, 1m of unencumbered assets provides a foundation from which development trusts can build up a larger asset base, launch community-led enterprises, and deliver sustained community transformation^[1]. Community ownership of assets achieves multiple benefits:

Earned income

Rental income from assets, as well as other fees and sales, generates independent income. On average development trusts assets produce a return of 6% every year, and every penny is reinvested back into the community. Local ownership significantly enhances local multipliers (LM3)

Services and facilities

Development trusts use assets to deliver a multitude of activities: small business support, affordable housing, leisure centres, retail and restaurants, community woodlands, recycling, and local delivery of public services, according to what each community most needs.

Tackling blight and safeguarding public good

Every boarded-up or derelict building, and every piece of empty wasteland, is a liability in a community. We do need to guard against the transfer of poor quality assets to community ownership, where they remain a liability. However, given the right vision, investment, and support, there are many cases where we can find a positive community use, turning liabilities into assets, and reaping multiple environmental and social benefits.

Better partnerships

Community groups with assets are players: they have something to bring to the table, their partnerships with the state and private sector start on the front foot, and are much more likely to be productive. Community groups provide alternative routes of contact for people especially in disadvantaged communities: they have a reach not available to government.

Building community confidence

Development trusts take pride in their assets; their refurbishments are carried out to the highest quality. The action of developing and managing assets raises the game of local people, building networks and skills, reinvigorating participative democracy, and nurturing community-led enterprise. Development trusts establish both bridging and bonding social capital.

3. Progress to date

In recent years, the community assets agenda has progressed on several fronts:

Policy

In 2003, following lobbying by the DTA and the Local Government association, the government issued the General Disposals Consent (England) circular allowing transfer of assets from public bodies to community organisations, at less than best consideration without requiring Secretary of State consent, where the undervalue was below 2m.

In 2003 the Scottish Executive introduced the Land Reform (Scotland) Act providing a community right to buy for rural communities in Scotland. In practice, this gives community groups the ability to register an interest in land or buildings, and a first option to purchase when they come up for sale.

In 2005 the Treasury issued guidance to accounting officers, clarifying clawback procedures, and explaining that clawback (e.g. charges on assets for which public money had been used) should be applied proportionately and in ways that avoid becoming a disincentive for community enterprise. In 2006 the Treasury published *Improving financial relationships with the third sector: guidance to funders and purchasers*.

In 2006 Ruth Kelly appointed Barry Quirk to undertake a review of community asset ownership and management. His report was launched at a development trust (Burton Street Project in Sheffield) in 2007 and states: there are no substantive impediments to the transfer of public assets to communities. It can be done, indeed it has been done legitimately and successfully in very many places. There are risks but they can be minimised and managed there is plenty of experience to draw on. The secret is all parties working together. New guidance for asset managers is in preparation.

Investment

In England, Government has provided 15m to the Adventure Capital Fund to provide grants and loans (with business support) for community assets, and 30m to the Big Lottery Fund to provide capital grants for asset transfer. In Scotland the Big Lottery Fund has launched a 50m growing community assets fund.

Independent grant makers have played a major role (for example Northern Rock Foundation, Esmée Fairbairn Foundation, and Chase Lankelly Foundation).

DTA has called for a further 150m for the next three years. A government programme worth 140m focused on community anchors is due to be announced shortly.

Support

The DTA has published guides (e.g. [To Have and to Hold](#), [Green Assets Guide](#)) and delivered regional seminars and masterclasses, including the Viability not Liability series, with support from the Finance Hub, Capacitybuilders, and our Community Alliance partners, especially Community Matters. DTA has also led a consortium to deliver Advancing Assets, a programme of advice for 20 local authorities and their partners to assist asset transfer. This will be followed a further 30 local authority areas in each of the next two years.

Practice

The annual DTA survey shows that by summer 2007 development trusts had achieved a total of 436m of assets in community ownership. This represents a 28% rise on the previous year.

4. What more needs to be done

The following proposals are presented for discussion:

4.1 Asset transfer

Local authorities: we have made a start but there is scope for much more. The Audit Commission estimates that 6bn of local authority assets are underused. We want to see transfer of at least 100m of assets every year for the next 10 years.

We must make sure that transfer does result in long term viability rather than liability with a focus on a realistic business plan, and where necessary with investment and revenue commitments or endowments alongside the land or building.

Other public sector agencies: we need to extend the impact of the Quirk review to other parts of the public sector, notably health, police and fire authorities, Regional Development Agencies, and Government departments/quangos such as the Ministry of Defence and English Partnerships.

4.2 Community Right to Buy

We still need a UK wide-version of Community Right to Buy, for urban as well as rural areas, to create a window for community groups to bid for land and buildings of strategic and sometimes iconic significance to a community.

4.3 Investment

We need access to a mix of capital grants and patient loan finance for community asset purchase, refurbishment, and new-build, combined with revenue funds for initial feasibility, project development, and to strengthen management and financial competences. We have called for 150m for the next 3 years.

We need to incentivise new approaches to finance, notably community share and bond issues, which can attract finance from local residents as well as venture philanthropists. For example, a 5m pilot community share voucher scheme, matched by individuals, could lead to 10,000 individuals with an average 1,000 share-holding in their local community enterprises. Community Investment by individuals should be linked to Gift Aid tax relief.

4.4 The next generation of community assets

There are opportunities to use community asset ownership to strengthen communities in new town developments, to increase the supply of affordable housing by retaining a community interest in land, to enhance environmental impacts not least in new eco-towns, and to create a community legacy from the 2012 Olympics.

Your views/more information

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For resources, case studies and other information please visit our website: www.dta.org.uk/communityassets

[1] In some areas notably London the figure is higher because of high land values.

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